

Date: December 19, 2011

To: Thomas J. Bonfield, City Manager
Through: Wanda Page, Deputy City Manager
From: Bertha Johnson, Director of Budget & Management Services
Roberta E. Bibby, Corporate Sr. Budget & Management Services Analyst

Subject: Voluntary Annexation Petition Received by March 31, 2011

Executive Summary

A voluntary annexation petition has been received and reviewed for the Cree Silicon Campus North light industrial development located at the northern end of Silicon Drive, adjacent to an existing Cree manufacturing facility in southeast Durham. The existing facility will be considered for annexation in the near future. The Administration is requesting a public hearing on Monday, December 19, 2011 to hear citizen comments concerning the petitioned annexation and to adopt an ordinance annexing this area into the City.

Recommendation

The Administration recommends the City Council adopt an ordinance annexing the Cree Silicon Campus North light industrial development into the City of Durham effective December 31, 2011, and authorize the City Manager to make a one-time debt payment to Bethesda VFD in connection with Cree Silicon Campus North.

Background

The Administration is requesting the Council set December 19, 2011 as the public hearing date for this area requesting to be annexed into the City. The public hearing will be held in compliance with N.C. General Statute 160A-31. The area under review has estimated revenues exceeding estimated expenditures at build out in FY2018-19.

Alternative(s)

The Council can choose not to annex the area, which would result in the City providing water and/or sewer services to the petitioned area outside the City limits. In the future, the City could decide to pursue annexation through the City-initiated process. The City-initiated annexation process is much more costly and contentious than the petition process. Staff investigation of qualification criteria, education of citizens, and writing of extensive reports results in considerable administrative expense. Statutes require lengthy delays and numerous public hearings. In addition, citizens opposing the City-initiated annexations frequently challenge the City's action in court, resulting in delays, uncertain start dates for the annexation, and additional legal costs.

Financial Impact***Current Zoning (Cree Silicon Campus North):***

The estimated General Fund revenues generated from this one annexation area under current zoning at build out in FY2018-19 would be \$426,629. The total estimated expenditures associated with providing City services at build out in FY2018-19 would be \$50,620. The annual estimated net gain to the City at build out in FY2018-19 would be \$376,009. The cumulative estimated net gain to the City at build out in FY2018-19 would be \$205,259.

The Cost/Benefit analysis projects the City will absorb accumulating service costs until impact fees are received at build out in FY2018-19. At build out, a substantial increase in annual property tax revenues will be then realized, and is reflected in the cumulative estimated net gain. There are no anticipated CIP expenses.

A cost benefit analysis is attached that provides additional details through FY2022-23.

SDBE Summary

Not applicable; no service is being provided.

Attachments

- Annexation Summary Table
- Ordinance
- Clerk Certification
- Legal Description
- Context Map
- Cost / Benefit Analysis